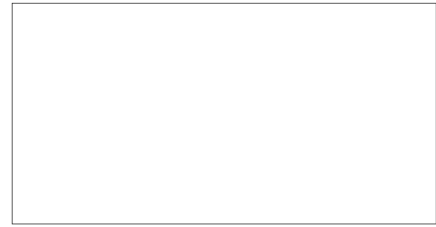




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BRIEFS AND COMMENTS

EGYPT: Moves Against Opposition

The two major issues in tomorrow's national referendum, endorsement of the peace treaty with Israel and the dissolution of Egypt's legislature, are expected to be approved overwhelmingly. President Sadat's decision to dissolve the People's Assembly, however, is viewed critically by a number of politicians, including some who generally support him. Sadat's public vows last weekend to curb the religious right could generate additional unrest among Egypt's Muslim fundamentalists.

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The Egyptian President's primary motive for holding a new election for the Assembly, whose term normally would have run until 1981, is to defeat a small group of articulate members who oppose his policies. Sadat was stung by their public criticism of the peace treaty with Israel. A number of legislators privately have described Sadat's action as high-handed and arrogant, especially in light of the overwhelming support he enjoys in the Assembly.

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Sadat told university and government officials last weekend that he will allow no further political activity on university campuses. Sadat accused Islamic student societies of fomenting sectarian unrest; the societies have been responsible for a number of incidents directed against Egypt's Christian Coptic minority over the past several months. The student groups have also distributed leaflets opposing the peace treaty and criticizing Sadat's efforts to separate religion and politics.

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Strong action against the religious right carries some risks for Sadat. Orthodox Muslims are numerically strong in Egypt, although they appear to lack politically effective leadership. Egyptian leftists, moreover, will attempt to exploit any future confrontations between the government and the Muslim fundamentalists. Although Sadat's senior advisers are likely to caution him on this sensitive issue, he appears prepared to press ahead with his campaign against the Islamic student associations and the Muslim Brotherhood.

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USSR-CHINA: Proposal for Talks

The Soviets' proposal to China yesterday that the two sides consider talks on mutual relations is designed to place the onus for the poor state of bilateral relations on Beijing and make the Chinese responsible for the next move. The tone of the Soviet message indicated skepticism that Beijing will respond positively, and the Soviets probably are seeking to demonstrate that China was not sincere in accompanying its termination of the Sino-Soviet treaty on 4 April with a call for bilateral negotiations to improve state relations.

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The Soviet note--cast as a response to China's proposal--called on Chinese leaders to submit their views on the purpose of talks to improve relations and reiterated a Soviet proposal of February 1978 that called for leaders of the two sides to meet and issue a joint statement on the principles of mutual relations. Beijing summarily rejected that proposal as insincere, although the Chinese did not specifically reject the idea of such negotiations. They instead repeated their longstanding preconditions for full normalization of relations. These include a satisfactory settlement with Moscow of China's border claims, removal of Soviet troops from Mongolia, and a Soviet troop reduction on the Sino-Soviet border.

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The beginning of the Sino-Vietnamese talks in Hanoi this week apparently enabled Moscow to respond to China's proposal of 4 April. A *People's Daily* article on Monday, which accused the Soviets of responsibility for the continuing poor state of relations and again repeated the proposal for negotiations, undoubtedly added to Moscow's incentive to respond.

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There is no progress in other bilateral areas at this time. The Soviets suspended their annual trade talks with Beijing after China's attack on Vietnam. The fitful Sino-Soviet border negotiations have been in recess since last summer.

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USSR: Central Committee Plenum

The party Central Committee's one-day session yesterday heard President Brezhnev and party Secretary Suslov report on questions to be addressed at today's first session of the newly elected USSR Supreme Soviet. The plenum released Yakov Ryabov from the party secretariat; two months ago he was appointed a first deputy chairman of the USSR State Planning Committee (Gosplan). No one was elected to the secretariat to take over his former responsibilities for party supervision of defense production.

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According to the official announcement, the plenum also approved Politburo proposals on organizational matters to be taken up by the Supreme Soviet, presumably including the appointment of the new USSR Council of Ministers and the restaffing of the Supreme Soviet's standing commissions. They may also involve some reorganization of the government, particularly in Gosplan.

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The wording of the TASS announcement implies that Suslov presented the Politburo's proposals on organizational matters while Brezhnev addressed more general measures to improve the work of the Supreme Soviet and its local bodies. The involvement of Suslov, who in the past has frequently served as the Politburo's agent in proposing key personnel changes, could mean that the Supreme Soviet will approve some high-level appointments. Members of the government must tender their resignation to the newly elected Supreme Soviet. While this has generally been a *pro forma* affair in the past, it does provide an appropriate occasion for making new appointments.

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LIBERIA: Improved Security Conditions

Monrovia remains quiet, and reorganized Liberian security units showing better discipline appear to have reestablished control over all areas of the city. The Tolbert regime's immediate problem is to overcome shortages of food and relief supplies.

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Workers generally have heeded the government's appeal to return to work, and the government has regained some of its composure. Press reports indicate that Guinean troops are now guarding key government buildings. Lebanese merchants who sell most imported foodstuffs in the capital have not reopened stores for fear of further violence, but African markets are functioning.

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//The government suspects foreign Communist complicity in the weekend riots, and some Soviet diplomats may be expelled. A Soviet national reportedly has been detained for questioning, although we have no evidence of Soviet involvement. Leftists and radical student activists accused of stirring up the riots are on the run. Other prominent dissidents under suspicion appear in disarray as the government moves to crack down on them.//

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TURKEY: Temporary Respite for Ecevit

Prime Minister Ecevit has temporarily averted a government crisis by reaching a compromise between the conflicting demands of six conservative independent ministers and those of his leftist and Kurdish supporters. This latest cabinet dispute augurs more problems for Ecevit next week when parliament will consider whether to extend and possibly expand martial law.

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A communique released at the conclusion of the cabinet meeting on Monday suggests the compromise entails a commitment for more economic aid for the eastern provinces. The aid is designed to attack the economic roots of separatism and other forms of extremism and placate the leftists and Kurds in the government. The six independents, on the other hand, apparently received assurances that the government would take effective measures against the extremists themselves in the east.

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The government no doubt is convinced on the necessity for extending martial law for two months, but the latest dispute illustrates the disagreement within the cabinet over whether to expand it to the easternmost Kurdish provinces and to Izmir Province, where leftist extremists have been active.

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The attitude of the military--particularly that of General Staff Chief Evren, who is touring the Kurdish areas--may prove decisive on this issue. The persistence of political violence in existing martial law areas and its acceleration in regions such as Izmir, where a US serviceman was killed last week, may encourage the military to press for wider authority and an expansion of martial law.

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FRANCE-UN: Satellite Verification Proposal

//To dramatize its proposal for an international agency to verify arms control agreements with satellite imagery, France may offer to provide data from its own satellites to any UN member. Such a gesture would, however, do little to overcome the reluctance of other major powers to participate in coming UN-sponsored study of the proposed verification agency.//

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//Soviet Deputy Permanent Representative Fokin last week told US officials at the UN that France had informed another delegation in New York of its plan. According to Fokin, coolness to the offer by a number of delegations would incline the French to abandon the proposal.//

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//France intends to launch a photographic satellite with resolution of approximately 10 to 20 meters in the early 1980s. Imagery of this quality would be of little use in monitoring arms control agreements. An offer to provide such imagery might demonstrate French sincerity, but it would not prove the feasibility of the proposed agency.//

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//Any release of the imagery without permission of the nation that had been photographed would also contradict France's previous support for an international policy of requiring such permission prior to dissemination of remote sensing data. Moreover, it could alarm many governments that oppose release of satellite data about their own territories. France possibly intends instead to provide data on request only to the country being photographed, an arrangement also used by the USSR.//

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//The US and China have stated they will not participate in the UN study. The USSR has not yet announced its intentions; Presidents Brezhnev and Giscard will discuss the matter at their meeting later this month. The Soviets have indicated to the US that they consider the verification agency unworkable and a study of it therefore pointless.//

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NIGERIA: Increasing Lawlessness and Violence

Lawlessness and violence--always endemic in Nigeria--are reaching disturbing proportions. Under military rule, Nigeria so far has proven able to withstand these strains. The situation, however, underscores the fragility of public order and the possibility of serious disruption that could complicate the return to civilian rule or undermine the success of the civilian government scheduled to assume power in October. [redacted]

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Nigerians at all social levels are concerned that disregard for law and authority and the willingness of many to take matters into their own hands--lynchings, for example--have become commonplace. Armed robbery is seen by the urban populace as the country's most urgent problem. Commentators attribute the crime wave to widespread unemployment, rapid urbanization, uneven development, inflation, and the eroding extended family system.

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[redacted]

Other types of violence--student unrest and political violence associated with current election campaigning--are increasing but are not overly troublesome for the moment. Religious violence, particularly intra-Muslim strife in the north, surfaces periodically and recently has concerned government authorities. [redacted]

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In the transition to civilian rule, the government is taking extraordinary security precautions. The US Embassy still believes that Nigeria will successfully conduct elections and return to civilian rule. Violence, however, is likely to pose a greater challenge to a civilian regime, which will be more vulnerable than its military predecessor to the stresses inherent in Nigeria's disparate society. [redacted]

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~~Top Secret~~**INTERNATIONAL: Current Account Shifts**

The industrialized West last year registered its largest combined current account surplus since 1973, while the Organization for Petroleum Exporting Countries experienced its smallest. Non-OPEC less developed countries and Communist countries registered current account deficits last year.

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These changes stemmed in part from an improvement in the terms of trade of the developed countries as a group--dollar export prices rose more than dollar import prices for oil and other primary products. OPEC demand for developed country exports also was buoyant while oil export prices remained relatively stable. At the same time, import demand by the developed countries was restrained because of moderate economic growth.

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Based on partial data, the combined current account deficit of the non-OPEC LDCs probably increased last year by at least \$6 billion because of worsened terms of trade as primary commodity export prices fell after substantial gains in 1977, sluggish import demand in industrial countries, and rising dollar prices for imports. The combined current account deficit of the Communist countries probably rose somewhat more than \$2 billion in 1978.

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An important factor affecting current account balances this year will be oil prices. OPEC export and import volume probably will be roughly the same as in 1978. Growth in the current account surplus of oil exporting nations therefore will depend on the differential between export and import price changes. The higher oil prices together with stagnant OPEC import demand will reduce the current account surplus of the industrial countries as a group. The deficit of the non-OPEC LDCs should worsen somewhat despite a moderate recovery in primary commodity prices. East European countries will continue to face difficulties in restraining imports of industrial goods and in increasing the export sales of their products.

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HUNGARY-USSR: Boost in Soviet Oil Deliveries

The Soviets may have eased their tough stand on increasing oil deliveries to Hungary during the 1981-85 plan period. According to two Hungarian officials, Moscow has agreed to increase oil deliveries by 5 to 10 percent annually in return for agricultural products, especially meat and corn. Final agreement on the stepped-up deliveries, as well as on a trade credit to Budapest, reportedly was reached during a visit on 6 April to Moscow by Hungarian Prime Minister Lazar and represents a break in the previous Soviet stance of refusing any increases in oil deliveries to Eastern Europe beyond 1980.

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The reported agreement represents a large expansion of a Soviet-Hungarian ten-year agreement signed in 1975, which called for the exchange of agricultural commodities in return for above-plan deliveries of Soviet crude oil, gasoline, diesel fuel, cotton, and timber. Under the new agreement, total Hungarian oil purchases from the USSR would climb from 206,000 barrels per day in 1980 to between 253,000 and 310,000 barrels per day by 1985, covering all, or nearly all, of Hungary's estimated 1985 oil import needs of 300,000 barrels a day. The goods exchanged under the agreement presumably would be priced at world levels as under the 1975 agreement rather than at generally lower CEMA levels. Much, if not all, of the oil to be delivered to Hungary would probably be procured by the USSR from Iraq or Libya and shipped through the Adria pipeline via Yugoslavia.

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The additional oil sales by the USSR would reach about \$450 million by 1985. Budapest is preparing to expand meat production and processing and corn output enough it hopes to pay for the oil. Some exports of these products may have to be diverted from Western markets.

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As a result of this reported agreement, other East European countries would be likely to increase their demands on Moscow to boost oil deliveries to them in the 1981-85 period. Moscow may argue, however, that Budapest is supplying goods in exchange for the oil that the USSR would otherwise have to buy for hard currency. Except for Polish coal, the other East European countries will find it difficult to offer Moscow similar goods.

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USSR: Search-and-Rescue Satellites

Data recently provided NASA by the Soviets suggest they will use their third-generation naval support satellites in an experimental search-and-rescue service they hope to establish in agreement with the US, Canada, and France. Such satellites will pick up distress calls and relay them to ground stations for initiating search-and-rescue missions. The Soviet data also indicate that the addition of the search-and-rescue mission will increase the satellite's weight by 60 kilograms and will require 36 watts of power--very small increases in payload and power supply requirements. The Soviets plan to build two such satellites and to launch the first in mid-1981.



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